

Deed of Hypothecation - Machinery

THIS DEED OF HYPOTHECATION executed at _____ on this the _____ day of _____ between

Mr. _____, son of _____, aged about _____ years, residing at _____, hereinafter called the CREDITOR (which expression shall, unless it is repugnant to the context mean and include his legal representatives, executors, administrators, and assigns)

And

Mr. _____, son of _____, aged about _____ years, residing at _____, hereinafter called the BORROWER (which expression shall, unless it is repugnant to the context mean and include his legal representatives, executors, administrators and assigns);

WHEREAS

The BORROWER has placed an order for the purchase of, a _____, namely _____, {valued at Rs. _____ (Rupees _____), (Details of the same are set out in the schedule 'A' hereunder) (hereinafter referred to as the asset), with the _____, namely _____, having its office at _____, and has remitted an amount of Rs. _____ (Rupees _____ only), with the said _____ as advance towards the sale consideration.

The BORROWER has approached the CREDITOR for a loan of Rs. _____, (Rupees _____ only), for the payment of the balance price of the schedule 'A' mentioned asset. The CREDITOR and BORROWER have agreed that the CREDITOR shall finance the purchase of the schedule 'A' mentioned asset, on the condition that the BORROWER hypothecates the schedule mentioned asset with the CREDITOR as security for the due repayment of the said loan. The parties have agreed to reduce their agreement to writing

NOW THEREFORE IN CONSIDERATION OF THE MUTUAL OBLIGATIONS AND UNDERTAKINGS CONTAINED HEREIN THIS AGREEMENT WITNESSETH AS FOLLOWS:

Payment by the CREDITOR

The CREDITOR shall pay to the said manufacturer, on behalf of the BORROWER, a sum of Rs. _____/-, (Rupees _____), towards the balance price of the said asset and shall retain possession of the original invoice of the said asset till the debt is fully discharged by the BORROWER.

Hypothecation

The BORROWER hereby hypothecates and creates a charge on the asset more fully described in the schedule 'A' hereunder to and in favour of the CREDITOR as security for the repayment of the loan with interest.

Obligations of the BORROWER

The BORROWER hereby undertakes to repay the loan amount within a period of _____ months commencing from _____ along with interest. The BORROWER shall pay interest at the rate of _____ on the principal per month, at Rs. _____/-, (Rupees _____ only). The Interest and principal are payable in monthly installments as per schedule-B hereto.

Rights of the CREDITOR

If the BORROWER defaults in payment of the amount as per schedule-B hereto then such defaulted installment will carry interest as if the defaulted installment is the principal, until it is paid. If the BORROWER fails to pay any _____ installments then the CREDITOR shall be entitled to claim the principal and interest amount due, and the same shall become payable forthwith, on the CREDITOR calling upon the BORROWER to make payment of such defaulted principal amount.

The BORROWER shall not remove or take the said asset, outside the State without prior intimation to the CREDITOR.

The BORROWER agrees and undertakes to insure the asset against all hazards, and shall produce the relevant receipts, and other documents, whenever called upon by the CREDITOR so to do.

Any dispute arising under this Deed or any matter incidental thereto, shall be submitted to arbitration as per the provisions of the Arbitration and Conciliation Act 1996 and the venue of the arbitration shall be at Chennai

IN WITNESS WHEREOF the parties hereto affixed their signatures on the day month and year mentioned hereinabove

SCHEDULE 'A'

(Describe the Asset)

SCHEDULE-B

(Describe the payment schedule)

CREDITOR

BORROWER

WITNESSES

1.

2.